

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6932

BILL NUMBER: SB 393

NOTE PREPARED: Jan 5, 2015

BILL AMENDED:

SUBJECT: Public Official Surety Bonds.

FIRST AUTHOR: Sen. Charbonneau

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill requires that copies of political subdivision personnel bonds must be submitted to, and maintained in a data base by, the State Board of Accounts. It requires certain public employees and contractors that have access to public funds to file a bond. It specifies guidelines for fixing the amount of certain bonds and requires aggregate coverage. The bill also provides for purchase of a blanket bond that includes aggregate coverage.

Effective Date: July 1, 2015; January 1, 2016.

Explanation of State Expenditures: The bill's requirements concerning the State Board of Accounts could result in additional costs and workload to the agency. This bill requires the State Board of Accounts to compile a list of all individuals required to file bonds and indicate whether bonds have been obtained and filed. The bill also requires that copies of surety bonds received by recorders or clerks of circuit courts be provided to the State Board of Accounts within 10 days of receipt and for the State Board of Accounts to provide a database on their website that provides access to the copies of bonds received. However, if local units are able to post the copies of the bonds on the Gateway for Government Units website, this would mitigate some of the additional costs that could be incurred by the State Board of Accounts.

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary* - There could be increases in expenditures for some local units if they purchase crime insurance policies or blanket bonds to fulfill the bill's requirements. However, requiring more individuals with access to public funds to obtain bonds could assist in recovering public funds if the misappropriation of, diversion of, or inability to account for public funds occurs.

Additional Information - This bill requires certain public employees and contractors with access to public funds to file bonds. The bill also provides that the fiscal body of a city, town, county, or township may authorize the purchase of a crime insurance policy to cover all persons on behalf of the local unit for the purpose of recovering public funds.

Individuals employed by school corporations that have access to public funds must obtain a bond, or the appropriate governing body may authorize the purchase of a blanket bond that provides aggregate coverage for each individual required to obtain a bond.

Explanation of Local Revenues:

State Agencies Affected: State Board of Accounts.

Local Agencies Affected: Political subdivisions; school corporations.

Information Sources: Paul Joyce, State Board of Accounts.

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